

<b>SUBJECT:</b>	<b>EXTERNAL AUDIT – ANNUAL GOVERNANCE REPORT</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCE OFFICER</b>
<b>LEAD OFFICER:</b>	<b>ROBERT BAXTER, FINANCIAL SERVICES MANAGER</b>

## **1. Purpose of Report**

- 1.1 This report summarises the findings from the 2017/18 audit, which is substantially complete. It identifies the key issues that Members should consider before an opinion, conclusion and certificate are issued.
- 1.2 This report includes only matters of governance interest that have come to the external auditor's attention in performing the audit. It is not designed to identify all matters that might be relevant to the Authority.
- 1.3 The report will be presented at the meeting by the Council's external auditors, KPMG.

## **2. Executive Summary**

- 2.1 The Council's financial statements are an important means by which the Council accounts for its stewardship of public funds. Council Members have final responsibility for the financial statements. It is therefore important that the Audit Committee consider KPMG's findings before recommending the adoption of the financial statements to Full Council.

## **3. The Annual Governance Report**

### **3.1 Financial Statements**

- 3.1.1 At the time of preparing this report, KPMG's work on the financial statements was substantially complete. Subject to the satisfactory conclusion of any outstanding work, KPMG propose issuing an unqualified audit opinion by the 31<sup>st</sup> July 2018 (a report to those charged with governance (IAS 260) is attached at Appendix A).
- 3.1.2 One adjustment that has been identified is that a transfer of £80k is required between the Revaluation Reserve and the Capital Adjustment Account to correct a prior year issue. It has been agreed to action this adjustment in 2018/19.
- 3.1.3 A small number of presentational changes were identified in the financial statements during the course of the audit for which amendments to the draft accounts were agreed to be made.

3.1.4 A fully amended copy of the Statement of Accounts is presented elsewhere on this agenda.

### **3.2 Value for Money**

The Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are adequate. KPMG therefore proposes issuing an unqualified opinion on the Council's value for money arrangements.

### **4. Significant Policy Impacts**

4.1 There are no significant policy impacts arising from this report.

### **5. Organisational Impacts**

5.1 Financial - There are no direct financial implications arising as a result of this report.

5.2 Legal - References to legal compliance are set out in the report by KPMG.

### **6. Risk Implications**

6.1 There are no risk implications arising from this report.

### **7. Recommendation**

7.1 Audit Committee are asked to:

a. Consider the matters raised in the report before recommending the financial statements for approval by Full Council;

b. Approve the draft letter of representation, attached at Appendix B, on behalf of the Council before KPMG issue an opinion, conclusion and certificate and delegate any further amendments to the letter, should any additional issues be raised by KPMG prior to 31<sup>st</sup> July, to the Chief Finance Officer and Chair of this Committee, with any changes reported back to this Committee.

**Key Decision** No

**Key Decision Reference No.** N/A

**Do the Exempt Information Categories Apply** No

**Call in and Urgency:** Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

**Does the report contain Appendices?** Yes - 2

**List of Background Papers:** Statement of Accounts 2017/18

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